



## Filing Receipt

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**PUC PROJECT NO. 52268**

CALENDAR	YEAR	2021	–	§	PUBLIC UTILITY COMMISSION
WORKSHOP	AGENDA	ITEMS		§	
WITHOUT	AN	ASSOCIATED		§	OF TEXAS
CONTROL NUMBER				§	

**PUC PROJECT NO. 52373**

REVIEW	OF	WHOLESALE	§	PUBLIC UTILITY COMMISSION
ELECTRIC MARKET DESIGN			§	OF TEXAS

**BROAD REACH POWER’S RESPONSE TO MARKET DESIGN QUESTIONS**

Broad Reach Power LLC (“Broad Reach”) submits the following comments in response the questions filed by the Commission on August 2, 2021 in PUC Project 52268, *Calendar Year 2021 - Workshop Agenda Items Without an Associated Control Number* and PUC Project 52373, *Review of Wholesale Electric Market Design*.

**I. Introduction and Summary**

Broad Reach is a privately-owned independent power producer based in Houston that develops, owns, and operates energy storage resources. Broad Reach currently operates 80 MW/80 MWh of standalone storage in ERCOT and has the largest position in the ERCOT interconnection queue with over 8 GW of standalone storage resources.

Broad Reach believes three changes to the current market design would increase incentives for investment in new dispatchable resources: (1) increase ORDC deployments during intermediate reserve margin conditions; (2) link ORDC payments with participation in the Day-Ahead market; and (3) create new, fast-response ancillary service products.

## II. Response to Questions

1. *What specific changes, if any, should be made to the Operating Reserve Demand Curve (ORDC) to drive investment in existing and new dispatchable generation? Please consider ORDC applying only to generators who commit in the day-ahead market (DAM). Should that amount of ORDC-based dispatchability be adjusted to specific seasonal reliability needs?*

The current ORDC implementation, designed to create an incentive to build new capacity, is too infrequently deployed to have a material impact on investment decisions and encourage participation. A redesign of the ORDC to increase the frequency of deployments during intermediate reserve margin conditions (4,000 MW to 9,000 MW range) will improve the predictability of deployments providing more reasons to invest in capacity. To assist in ERCOT Day-Ahead planning process, generators should be financially encouraged to participate more in the Day-Ahead market. Using ORDC as a financial incentive mechanism with a bidding requirement determined by the seasonal availability factor is a reasonable approach.

2. *Should ERCOT require all generation resources to offer a minimum commitment in the day-ahead market as a precondition for participating in the energy market?*
  - a. *If so, how should that minimum commitment be determined?*
  - b. *How should that commitment be enforced?*

Resources should be rewarded for participating in the Day-Ahead market rather than penalized for not participating. If ORDC deployments are increased, a reasonable requirement in return could be a condition of Day-Ahead participation to receive ORDC payments. The minimum participation commitment should require both energy and ancillary service participation.

3. *What new ancillary service products or reliability services or changes to existing ancillary service products or reliability services should be developed or made to ensure reliability under a variety of extreme conditions? Please articulate specific standards of reliability along with any suggested AS products. How should the costs of these new ancillary services be allocated.*

ERCOT needs more voltage support and reactive power due to the projected growth in supply and load in the next two years. To maintain reliable operations, ERCOT should procure these services in the Day-Ahead market to ensure grid reliability. In addition, with the increase in inverter-based resources, it is important for ERCOT to look at procuring more fast-response products including and not limited to FRRS and FFR services.

The cost of these services should be allocated in the same manner as currently allocated, as these are transmission and distribution related products. In addition, the nodal price constraints are already penalizing inverter-based resources with lower energy prices at their nodes during constrained operations.

- 4. Is available residential demand response adequately captured by existing retail electric provider (REP) programs? Do opportunities exist for enhanced residential load response?***

*No comment.*

- 5. How can ERCOT's emergency response service program be modified to provide additional reliability benefits? What changes would need to be made to Commission rules and ERCOT market rules and systems to implement these program changes?***

*No comment.*

- 6. How can the current market design be altered (e.g., by implementing new products) to provide tools to improve the ability to manage inertia, voltage support, or frequency?***

Much of the new generation and load resources connecting to the grid are putting more pressure on ERCOT to balance the system in Real Time. To reliably operate and balance the system, ERCOT will have to procure more fast-response products (FRRS and FFR) than is currently procured. The current FRRS product is limited in its design and scope. With the delay in implementation of Real Time Co-optimization, ERCOT should revisit the current limits on FRRS Up and Down services from 65 and 35 respectively. One recommendation is to change the

limits to be changed hourly based on requirements and increase the limits up to 200 MW for both services. The 450 MW FFR limit should also be revisited especially on allocating it on the load side of the procurement.

For Voltage Support and Inertia please see comment for Q. 3

### **III. Conclusion**

Broad Reach appreciates the opportunity to provide input on these important questions and looks forward to continuing to participate in this proceeding and additional market design discussions in pursuit of a more robust and reliable ERCOT system.